

RIKER, DANZIG, SCHERER, HYLAND & PERRETTI LLP

Joseph L. Schwartz, Esq. (admitted *pro hac vice*)

Kevin J. Larner, Esq. (KL-8627)

Headquarters Plaza, One Speedwell Avenue

P.O. Box 1981

(973) 538-0800

-and-

500 Fifth Avenue, Suite 4920

New York, New York 10110

(212) 302-6574

Proposed Attorneys for Debtor

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re:

SIGNATURE APPAREL GROUP, LLC,

Debtor.

Chapter 11

Case No. 09-15378 (JMP)

**AFFIDAVIT OF JOSEPH LAURITA PURSUANT TO  
SDNY LOCAL BANKRUPTCY RULE 1007-2(a)**

STATE OF CALIFORNIA )  
                        )  
                        ) ss:  
COUNTY OF TEHAMA     )

Joseph Laurita, of full age, being duly sworn according to law, upon his oath, deposes and says:

1. I am the Chairman of the above-captioned Debtor, Signature Apparel Group, LLC (the "Debtor"). I am authorized to submit this Affidavit in support of the Debtor's Chapter 11 bankruptcy case and pursuant to SDNY Local Bankruptcy Rule 1007-2(a).

**A. The Bankruptcy Filing**

2. On September 4, 2009 (the “Petition Date”), three of the Debtor’s creditors (the “Petitioning Creditors”) filed an involuntary Chapter 7 bankruptcy petition against the Debtor.

3. On November 5, 2009, the Court entered an Order for Relief (the “Order for Relief”), thereby causing this case to proceed as a chapter 7 case. Thereafter, Ian Gazes was appointed chapter 7 trustee for the Debtor (the “Trustee”).

4. By Order dated November 13, 2009 (the “Conversion Date”), upon motion by the Debtor, the Court converted the Debtor’s chapter 7 case to a chapter 11 case.

**B. The Debtor and the Debtor’s Business**

5. The Debtor is limited liability company organized under the laws of the State of New York, with its principal place of business formerly at 1370 Broadway, 6th floor, New York, NY 10018. Currently, the Debtor is operating its business in an office on the 5th floor of 1370 Broadway.

6. My brother, Christopher Laurita, and I are the two (2) members of the Debtor, each owning a fifty-percent (50%) membership interest in the Debtor.

7. The Debtor is a privately owned multi-faceted apparel company that, prior to the Petition Date, designed, developed, manufactured, distributed and sold branded apparel worldwide pursuant to several license agreements.

8. Since the Petition Date, the Debtor has continued to sell its remaining inventory.

**INFORMATION REQUIRED BY SDNY LOCAL  
BANKRUPTCY RULE 1007-2(a)**

9. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(1), the Debtor has set forth the nature of its business and the circumstances leading to the bankruptcy filing above in paragraphs 1 thru 7.

10. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(2), Ian Gazes was previously appointed as Trustee in this case. The Trustee's address is Gazes LLC, 32 Avenue of the Americas, New York, New York 10013.

11. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(3), no committee was organized prior to the entry of the order for relief in this case.

12. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(4), a list of the Debtor's twenty (20) largest unsecured creditors is attached hereto as Exhibit "A."

13. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(5), the Debtor's only secured creditor is CIT Group/Commercial Services, Inc., 11 West 42nd Street, New York, NY 10036, which has a secured claim against the Debtor's assets in the amount of \$2,430,304.82.

14. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(6), a summary of the Debtor's assets and liabilities is attached hereto as Exhibit "B."

15. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(7), the Debtor has no stock or securities which are publicly held.

16. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(8), the Debtor's inventory is held in warehouses owned and operated by the following third-parties: (i) IDS USA, Inc., One American Way, PO Box 2398, Secaucus, New Jersey 07096 and (ii) Performance Team, 11204 Norwalk Blvd., Santa Fe Springs, California, 90670.

17. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(9), prior to the Petition Date, the Debtor leased the entire sixth floor and a thirty percent (30%) portion of the fifth floor of the property located at 1370 Broadway, New York, NY 10018. The Debtor operated its business out of this leasehold property.

18. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(10), the Debtor's substantial assets and books and records are located at its at 1370 Broadway, 5th floor, New York, NY 10018.

19. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(11), the Debtor states that on or about September 15, 2009, 1370 Owners LLC filed a Petition for Eviction against the Debtor with the Civil Court of the City of New York, County of New York. The Debtor believes that the commencement of this action was in violation of the automatic stay, and has so advised 1370 Owners LLC. The Debtor is not aware of any other pending or threatened litigation against the Debtor.

20. In accordance with SDNY Local Bankruptcy Rule 1007-2(a)(12), the Debtor's senior management is as follows:

Name/Title	Tenure	Responsibilities/Experience
Christopher Laurita Chief Executive Officer and President	2003 (date of inception of Debtor) - present	Responsible for overall management of Debtor, including, but not limited to sales, production and sourcing Experience: 25 years experience in apparel industry
Joseph Laurita Chairman	2003 (date of inception of Debtor) - present	Responsible for overall management of Debtor, including, but not limited to, sales, distribution, operations Experience 32 years experience in apparel industry

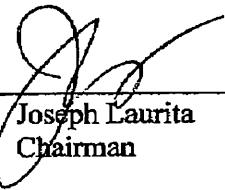
21. In accordance with SDNY Local Bankruptcy Rule 1007(b)(1), the Debtor expects to pay weekly payroll in the amount of \$15,000 for the thirty (30) days following the Conversion Date, to its employees (exclusive of insiders).

22. In accordance with SDNY Local Bankruptcy Rule 1007(b)(2)(A), the Debtor expects to pay its officers, directors and members \$0.00 for the thirty (30) days following the Conversion Date.

23. In accordance with SDNY Local Bankruptcy Rule 1007(b)(3), a schedule detailing the Debtor's estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professional fees, for the thirty (30) day period following the Conversion Date is attached hereto as Exhibit "C."

SIGNATURE APPAREL GROUP

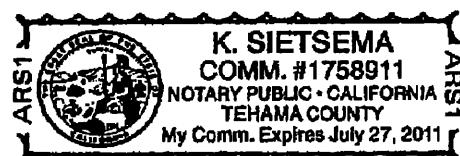
By: \_\_\_\_\_

  
Joseph Laurita  
Chairman

Sworn and subscribed to before me,  
this 20 day of November 2009

  
Notary Public

3997881.3



**EXHIBIT A**

B4 (Official Form 4) (12/07)

**United States Bankruptcy Court**  
**Southern District of New York**

In re	<u>Signature Apparel Group, LLC</u>	Case No.	<u>09-15378-JMP</u>
	Debtor(s)	Chapter	<u>11</u>

**LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS**

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

(1)	(2)	(3)	(4)	(5)
<i>Name of creditor and complete mailing address including zip code</i>	<i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Amount of claim [if secured, also state value of security]</i>
1370 Owners LLC PO Box 2300 New York, NY 10116	1370 Owners LLC PO Box 2300 New York, NY 10116	Trade debt		66,969.91
Advanstar Communications Inc. Attn: Cash Control Dept 131 W First St Duluth, MN 55802	Advanstar Communications Inc. 131 W First St Duluth, MN 55802	Trade debt		29,962.50
American Express PO Box 2855 NY, NY 10116-2855	American Express PO Box 2855 NY, NY 10116-2855	credit card		75,697.62
Anchin, Block & Anchin LLP 1375 Broadway NY, NY 10018	Anchin, Block & Anchin LLP 1375 Broadway NY, NY 10018	professional fees		49,563.00
Finexpo 1850 NW 84 Ave Suite 105 Doral, FL 33126	Finexpo 1850 NW 84 Ave, Suite 105 Doral, FL 33126	Trade debt		180,328.45
Giftex 415 Country Club Rd Belleair, FL 33756	Giftex 415 Country Club Rd Belleair, FL 33756	Trade debt		49,745.89
Harvestway Limited 410M Lippo Sun Plaza Tsimshatsui, Kowloon HONG KONG	Harvestway Limited 410M Lippo Sun Plaza Tsimshatsui, Kowloon HONG KONG	Trade debt		4,970,665.52
Hitch & Trail, Inc. 1270 Broadway Room 505 New York, NY 10018	Hitch & Trail, Inc. 1270 Broadway Room 505 New York, NY 10018	Trade debt		3,686,580.07
Iconix Brand Group, Inc. 1450 Broadway 4th Floor New York, NY 10018	Iconix Brand Group, Inc. 1450 Broadway 4th Floor New York, NY 10018	Trade debt		144,670.61
IDS USA, Inc. One American Way PO Box 2398 Secaucus, NJ 07096	IDS USA, Inc. One American Way PO Box 2398 Secaucus, NJ 07096	Trade debt		115,514.49

B4 (Official Form 4) (12/07) - Cont.

In re Signature Apparel Group, LLCCase No. 09-15378-JMP

Debtor(s)

**LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS**  
 (Continuation Sheet)

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
<b>IKON Financial Services PO Box 41564 Philadelphia, PA 19101-1564</b>	<b>IKON Financial Services PO Box 41564 Philadelphia, PA 19101-1564</b>	Trade debt		<b>34,356.72</b>
<b>National Promotions Associates, LLC 1333 Broadway Suite 506 New York, NY 10018</b>	<b>National Promotions Associates, LLC 1333 Broadway Suite 506 New York, NY 10018</b>	Trade debt		<b>22,415.00</b>
<b>Paul Davril, Inc. c/o Michar, LLC 4567 Maywood Ave Los Angeles, CA 90058</b>	<b>Paul Davril, Inc. c/o Michar, LLC 4567 Maywood Ave Los Angeles, CA 90058</b>	Trade debt		<b>345,595.17</b>
<b>Performance Team 11204 Norwalk Blvd Santa Fe Springs, CA 90670</b>	<b>Performance Team 11204 Norwalk Blvd Santa Fe Springs, CA 90670</b>	Trade debt		<b>24,497.30</b>
<b>ROC Apparel Group LLC Attn: Seigrid Addison 1411 Broadway 38th Floor New York, NY 10018</b>	<b>Seigrid Addison ROC Apparel Group LLC 1411 Broadway New York, NY 10018</b>	Trade debt		<b>22,649.78</b>
<b>Spectrum Insurance Brokerage 511 Canal Street New York, NY 10013</b>	<b>Spectrum Insurance Brokerage 511 Canal Street New York, NY 10013</b>	Trade debt		<b>43,578.00</b>
<b>Studio IP Holdings LLC Attn: Mike Morgan 103 Foulk Road Suite 116 Wilmington, DE 19803</b>	<b>Mike Morgan Studio IP Holdings LLC 103 Foulk Road Wilmington, DE 19803</b>	Trade debt		<b>4,700,000.00</b>
<b>Talful Limited d/b/a Famous Ga 35-41 Tan Lin Pai Rd Kwai Chung NT HONG KONG</b>	<b>Talful Limited d/b/a Famous Ga 35-41 Tan Lin Pai Rd Kwai Chung NT HONG KONG</b>	Trade debt		<b>4,732,894.98</b>
<b>UPS PO Box 7247-0244 Philadelphia, PA 19170</b>	<b>UPS PO Box 7247-0244 Philadelphia, PA 19170</b>	Trade debt		<b>26,156.09</b>
<b>US Customs Border and Border Patrol 301 E. Ocean Blvd. Suite 1400 Long Beach, CA 90802</b>	<b>US Customs Border and Border Patrol 301 E. Ocean Blvd. Suite 1400 Long Beach, CA 90802</b>	Trade debt		<b>402,973.54</b>

**EXHIBIT B**

**SIGNATURE APPAREL GROUP, LLC**  
**Balance Sheet**  
(as of November 20, 2009)

**Assets****Current Assets**

Cash	\$113,509
Accounts Receivable	\$1,116,587
Due from factor	\$17,360,208
Inventory	\$5,177,089
Other Current Assets	\$116,694
<b>Total Current Assets</b>	<b>\$23,884,086</b>
Property & Equipment, Net	\$616,133
Other Assets	\$326,182
<b>Total Assets</b>	<b><u><u>\$24,826,402</u></u></b>

**Liabilities and Members' Equity****Current Liabilities**

Accounts payable and accrued expenses	\$22,258,874
Due to factor	\$15,400,288
<b>Total Current Liabilities</b>	<b>\$37,659,161</b>

**Other Liabilities**

Deferred rent obligation	\$548,801
Loans payable, members	\$8,724,828
<b>Total Other Liabilities</b>	<b>\$9,273,629</b>

**Members' Deficit**

Members' deficit	(\$15,248,113)
Advances to Members	(\$34,935)
Retained Earnings	(\$6,823,340)
<b>Total Members' Deficit</b>	<b>(\$22,106,388)</b>

<b>Total Liabilities and Members' Equity</b>	<b><u><u>\$24,826,402</u></u></b>
--	-----------------------------------

## **EXHIBIT C**

(budget remains subject to CIT approval)

### **Signature Apparel Group**

(All numbers in 000's)

week ending -----> 20-Nov 27-Nov 4-Dec 11-Dec 18-Dec

Opening Revolver	\$ 2,437	\$ 2,482	\$ 2,735	\$ 1,861	\$ 1,011
Sales	\$ -	\$ 150	\$ 750	\$ 500	\$ 250
Total Cash Receipts:	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000

### **Cash Disbursements:**

payroll & benefits	\$ 45	\$ 10	\$ 45	\$ 10	\$ 45
human resources/payroll service		\$ 11			
rent/insurance/leases		\$ 44			
Distribution		\$ 50	\$ 50	\$ 25	\$ 25
Communication/MIS		\$ 10	\$ 10	\$ 10	\$ 10
interest			\$ 10		
Factor Commission	\$ -	\$ 1	\$ 4	\$ 3	\$ 1
Maintenance/Repair/Supplies			\$ 5		
Accounting/Debtor		\$ 40			\$ 15
Legal/Debtor		\$ 75		\$ 100	
Legal/Creditors committee					\$ 50
Legal/Gazes		\$ 10			
Legal/CIT					
Other		\$ 2	\$ 2	\$ 2	\$ 2
Total Borrowings	\$ 45	\$ 253	\$ 126	\$ 150	\$ 148
Dilution under (over) accrual					
Ending Revolver	\$ 2,482	\$ 2,735	\$ 1,861	\$ 1,011	\$ 160